



MEMORANDUM

DATE: March 11, 2021

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Supervisory Auditor, Eleanor C. Jefferson

FROM: Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Examination of Costs Claimed by Dexis Interactive, Inc. for Fiscal Years ended December 31, 2016 and 2017 (3-000-21-022-1)

This memorandum transmits the final examination report on costs claimed by Dexis Interactive, Inc. (Dexis) on in-scope contracts and subcontracts for the fiscal years ended December 31, 2016 and 2017. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the independent certified public accounting firm of Booth Management Consulting, LLC (BMC) to conduct the examination. The audit firm stated that it performed its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by Dexis on in-scope contracts and subcontracts for the fiscal years ended December 31, 2016 and 2017 are allowable, allocable and reasonable in accordance with award terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulation (AIDAR); Department of State Standardized Regulation (DSSR); and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable.¹

The examination's objective was to express an opinion on whether the costs claimed by Dexis on in-scope contracts and subcontracts for the fiscal years ended December 31, 2016 and 2017 are allowable, allocable, and reasonable in accordance with contract terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the examination's objective, BMC designed its testing procedures to evaluate the internal control environment surrounding Dexis's subcontract management process and to verify that Dexis had adequate controls in place for monitoring subcontractor costs. Its examination included the reconciliation of the

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

adjusted total costs booked to date and the cumulative amount billed, by contract and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$78,099,857 for the two years ended December 31, 2016 and 2017.

BMC expressed a qualified opinion due to submitted amounts that did not materially comply with contract terms pertaining to accumulating and billing incurred amounts. According to BMC, except for the instances of non-compliance described below, costs claimed by Dexis on in-scope unsettled flexibly-priced contracts and subcontracts for the fiscal years ended December 31, 2016 and 2017 comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts. The audit firm identified \$100,250 in total direct questioned costs (\$22,152 ineligible, \$78,098 unsupported) applicable to USAID. BMC also identified indirect questioned costs of \$1,562,497 composed of \$887,415 in overhead, \$656,757 G&A and \$18,325 in fringe costs. The audit firm's examination did not disclose any findings that are required to be reported under government auditing standards.

To address the issues identified in the report, we recommend that the USAID's Office of Acquisition and Assistance Cost, Audit and Support Division:

Recommendation I. Determine the allowability of \$100,250 (\$22,152 ineligible, \$78,098 unsupported) in direct questioned costs on pages 5, 6, and 52 through 56 of the report and recover any amount that is unallowable.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").